

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Michael Kubayanda, Vice Chairman;  
Mark Acton;  
Ann C. Fisher; and  
Ashley E. Poling

Competitive Product Prices  
Priority Mail Contract 542 (MC2019-175)  
Negotiated Service Agreements

Docket No. CP2019-197

ORDER APPROVING AMENDMENT TWO TO  
PRIORITY MAIL NEGOTIATED SERVICE AGREEMENT

(Issued September 21, 2020)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Amendment.

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<sup>1</sup> USPS Notice of Amendment to Priority Mail Contract 542, Filed Under Seal, September 17, 2020 (Notice). The amendment is an attachment to the Notice (Amendment).

## II. BACKGROUND

In Order No. 5184, the Commission approved the Priority Mail Contract 542 negotiated service agreement (Existing Agreement).<sup>2</sup> On September 17, 2020, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective one business day after the date that the Commission completes its review of the Notice. Notice at 1.

## III. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment revises terms related to mail preparation requirements, payment methods, and the implementation of tiered pricing. Notice, Attachment A 1-3. The Amendment also revises a portion related to appeals. *Id.* at 3.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

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<sup>2</sup> See Docket Nos. MC2019-175 and CP2019-197, Order Adding Priority Mail Contract 542 to the Competitive Product List, August 7, 2019 (Order No. 5184). The contract was later amended. See Order Approving Amendment One to Priority Mail Negotiated Service Agreement, October 2, 2019 (Order No. 5264).

amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

*Other considerations.* The Postal Service states that the Amendment shall become effective one business day after the date that the Commission completes its review. Notice at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Priority Mail Contract 542 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Erica A. Barker  
Secretary